

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

Introduction to the Curriculum Content Outline

The South Carolina Real Estate Salesperson Prelicensing Curriculum, commonly known as “Unit I,” is comprised of the following Sections; each receives greater detail in this Outline.

Also, selected Sections end with suggested activities and assignments to help reinforce the terms, concepts, and processes identified. You should apply your own expertise to create similar reinforcements that actively involve students.

The intention of the Curriculum is to provide a reasonably comprehensive guide to the subject matter, laws, processes, and activities that are part of the real estate profession.

It is NOT intended to restrict itself to only those facts and details that may appear on the licensing test. However, you should review the vendor’s test outline (available online in the Candidate Information Bulletin) to ensure all terms and concepts there are adequately defined and discussed in the most appropriate Section below.

Proper instruction will ensure that the student will be prepared for entering the complex practice of the real estate profession in South Carolina, and should therefore be able to pass the licensing exam.

Section Title	Instructional Hours	Page
1. Real Property	8-10	1
2. Governmental Controls and Laws Affecting Real Estate	8-12	7
3. Pricing of Real Properties	4-6	13
4. Real Estate Finance	6-8	16
5. Settlement/Closing	2-4	20
6. Agency	8-10	21
7. Contracts	6-8	24
8. Ethics	2-3	29

Note: The Hour-ranges provided above specifically allow the flexibility to incorporate necessary Review and Exam time into the required 60 course hours.

Further note: The emphasis and time required to develop the topics identified in Section 8, Ethics, may be worked into appropriate topics in other areas, such as ethics and elements of Fair Housing and ADA, ethical dimensions of agency, contract preparation, and adherence to contractual and legal obligations.

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

1. Real Property

-- 8 to 10 instructional hours --

I. ELEMENTS OF REAL PROPERTY

- A. Define and explain
 - 1. Real property
 - 2. Real estate (realty)
 - 3. Land
 - 4. Personal property (personalty)
 - 5. Improvements
 - 6. Appurtenances
 - 7. Fixtures
 - a. Legal tests, i.e., intention, method of attachment, adaptation, relationship/understanding of parties
 - 8. Trade fixtures
- B. Real property rights
 - 1. Mineral rights
 - 2. Water rights
 - a. Littoral
 - b. Riparian
 - c. Terms of addition, e.g., accession, accretion, alluvion, reliction
 - d. Terms of reduction, e.g., erosion, avulsion
 - 3. Air rights
- C. Bundle of rights
 - 1. Control
 - 2. Possession/use
 - 3. Disposition
 - 4. Quiet enjoyment
- D. Legal description
 - 1. Metes and bounds
 - 2. Reference to plat, etc. (lot & block)
 - 3. Government rectangular system (information only – not applicable in SC)

II. ESTATES AND TENANCIES

- A. Define and explain
 - 1. Estate
 - 2. Tenancy
 - 3. Interest
 - 4. Fee
 - 5. Title

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- B. Types of estates
 - 1. Freehold
 - a. Inheritable fee simple
 - b. Life estates
 - 1) Own life (ordinary)
 - 2) For life or another (pur autre vie)
 - c. Future estates
 - 1) Reversion
 - 2) Remainder
 - 2. Nonfreehold
 - a. Created by lease agreement
 - b. Leaseholds and tenancies
 - 1) Tenancy for years
 - 2) Tenancy for term
 - 3) Periodic tenancy
 - 4) Tenancy at will
 - 5) Tenancy by sufferance
- III. FORMS OF OWNERSHIP
 - A. Tenancy in severalty
 - 1. By a person
 - 2. By legal entities
 - B. Tenancy in common
 - 1. Concurrent with two or more owners
 - 2. No special wording to create
 - 3. No right of survivorship (upon death title passes to heirs or assigns)
 - 4. Each owner owns a part which is undivided (not specified)
 - 5. Each may own with separate deeds
 - 6. Only unity of possession is required
 - 7. Right to partition
 - 8. Transfer of interest
 - C. Joint tenancy
 - 1. Concurrent with two or more owners
 - 2. Special wording to create
 - 3. Each owns all--each owns an undivided interest
 - 4. Right of survivorship (upon death title remains with surviving tenants)
 - 5. Four unities--possession, interest, time, title
 - 6. Right to partition
 - 7. Transfer of interest

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- D. Marital ownership (informational only; not applicable in South Carolina)
 - 1. Marital property states; general guidelines
 - 2. Tenancy by the entirety
 - 3. Historical marital terms: dower and curtesy
 - E. Statutory ownership, or common interest ownership
 - 1. Condominiums
 - a. Fee simple ownership
 - b. Common elements; limited common elements
 - c. Owners' association and bylaws
 - d. In-state contracts and disclosures
 - 1) Certificate of assessment
 - 2. Cooperatives
 - a. Corporation ownership in severalty
 - b. Proprietary lease
 - c. Owners' association
 - d. Differences in condos and co-ops
 - e. Ownership is in stock, not real estate
 - 3. Timeshares, or interval ownership
 - 4. Townhouses
 - 5. Planned Unit Developments (PUDs)
 - F. Business entities
 - 1. General partnership
 - 2. Limited partnership, e.g., Limited Liability Corporations (LLCs)
 - 3. Corporation
 - 4. REITS
- IV. LAND USE CONTROLS
- A. Public/Governmental
 - 1. Police power
 - a. Restrictive powers
 - b. Zoning laws
 - 1) Master plan
 - 2) Ordinances
 - 3) Variances
 - 4) Non-conforming use
 - 5) Spot zoning (rezoning)
 - c. Building codes
 - d. Subdivision regulations
 - e. Health and sanitation laws
 - f. Environmental protection laws

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- 1) Terminology and concepts, e.g., hazards, contamination, Superfund, abatement, mitigation, responsible parties and liabilities
 2. Eminent domain
 - a. Purpose of 'taking'
 - b. Condemnation and "just compensation"
 - c. Delegation of power
 3. Taxation of real estate
 - a. Direct
 - 1) State government
 - 2) County and municipal governments
 - a) Reassessment at time of sale; "point of sale"
 - b. Real property taxes
 - 1) Assessment overview
 - 2) Ad valorem
 - 3) Millage, or mill, rate
 - 4) General and special assessments
 4. Escheat
- B. Private
 1. Deed restrictions
 2. Covenants, conditions, and restrictions (CC&Rs)
 3. Homeowners Associations (HOAs)
- C. Encumbrances
 1. Liens (voluntary and involuntary)
 - a. Specific liens
 - 1) Mortgage lien
 - 2) Tax lien
 - 3) Mechanic's lien
 - 4) Special assessments
 - b. General liens
 - c. Priority of liens
 2. Lis pendens
 3. Non-possessory interests
 - a. License
 - b. Profit
 - c. Easement
 4. Easements
 - a. In gross
 - b. Tenements
 - c. Appurtenant
 - 1) Creation by mutual agreement

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- 2) Creation by other means
 - a) Necessity
 - b) Prescription
 - c) Condemnation
 - d) Dedication
 - e) Implication
 - d. Termination of easements
 - 5. Encroachments
- V. TRANSFER/ALIENATION OF REAL PROPERTY
 - A. How estates are created
 - 1. Original entry (public grant)
 - 2. Involuntary transfer
 - a. Judicial sale
 - b. Tax sale
 - c. Adverse possession
 - d. Accretion/avulsion
 - e. Eminent domain
 - f. Escheat
 - 3. Voluntary transfer (grant)
 - a. Sale
 - b. Gift
 - c. Probate; conveyances after death
 - 1) Testate (with a will)
 - 2) Intestate (without a will – may be deemed an involuntary transfer depending on the decedent's known preferences)
 - 3) Other terms, e.g., executor, administrator, personal representative, types of wills
 - d. Dedication
 - B. Equitable title and legal title
 - C. Marketable title
 - D. Deeds—purpose, types, common covenants and warranties
 - 1. General warranty deed covenants
 - a. Seizen
 - b. Against encumbrances
 - c. Further assurance
 - d. Quiet enjoyment
 - e. Warranty forever
 - f. Right to convey
 - 2. Special warranty deed
 - 3. Quitclaim deed

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- E. Characteristics and elements of deeds of conveyance
 - 1. Major sections
 - a. Premises
 - 1) Names of grantor and grantee
 - 2) Explanatory facts
 - 3) Granting clause
 - 4) Consideration
 - 5) Adequate description
 - b. Habendum (to have and hold)
 - 1) Estate to be taken
 - 2) Conditions affecting the grant
 - 3) Covenants of title, when required
 - c. Testimonium
 - 1) Date
 - 2) Competent grantor's signature
 - 3) Witnesses
 - d. Acknowledgment
 - 2. Delivery and acceptance
 - 3. Recordation (constructive notice vs. actual notice)
 - a. Process
 - b. Importance
 - 4. Unrecorded deeds
 - a. Grantor to grantee (valid)
 - b. Subsequent purchasers or creditors (invalid)
- F. Title issues
 - 1. Title search
 - a. Chain of title/title abstract
 - b. Cloud on title
 - c. Suit to quiet title
 - 2. Assurances of title (title insurance)
 - a. Mortgagee's policy
 - b. Owner's policy

Suggested classroom activities:

Invite an attorney to speak on problems with titles

Search a title; Create a video on how to research a title

Invite a speaker from a tax office

Describe, act out, or illustrate a typical first day of an agent

Tax math problems

Do your own property's title search

Discuss water rights and terms applicable within your region, e.g., lakefront, rivers, streams, ownership boundaries, navigable/nonnavigable distinctions, etc.

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

2. Governmental Controls and Laws Affecting Real Estate

-- 8 to 12 instructional hours --

- I. REAL PROPERTY TAX LAWS
 - A. Homeowner tax breaks (primary residence & second home)
 - 1. Mortgage interest deductions
 - a. Acquisition debt
 - b. Equity debt
 - 1) Refinancing
 - 2) Second mortgage
 - 3) Equity line of credit
 - 2. Property tax deductions
 - 3. Homestead exemption (SC Code, not national)
 - a. Over age 65
 - b. Blind
 - c. 100% disabled
 - 4. Points
 - a. Acquisition debt
 - b. Refinancing
 - B. Capital gains on sale
 - 1. Personal residence
 - 2. 1031 tax-deferred exchange (*more emphasis on broker level*)
 - C. Assessment rate in SC
 - 1. Primary Personal residence (4%)
 - 2. Other (6%)
 - 3. Agricultural (4%) (rollback)
 - D. Math
- II. FEDERAL FAIR HOUSING LAWS
 - A. Civil Rights Act of 1866
 - 1. Provisions
 - 2. Jones vs. Mayer
 - B. Fair Housing Act
 - 1. Types of property covered
 - 2. Prohibitions, esp. advertising
 - 3. Enforcement
 - 4. Time limits
 - 5. Penalties

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- 6. Specific violations
 - a. Blockbusting
 - b. Steering
 - c. Redlining
 - C. Consistency of policies
 - D. Protected classes
- III. AMERICANS WITH DISABILITIES ACT
 - A. Accommodation
 - B. Modifications/alterations
 - C. Differentiating FH vs. ADA
- IV. LEAD-BASED PAINT DISCLOSURE LAWS
 - A. Residential properties
 - B. Investors and renters
- V. FEDERAL ANTITRUST LAWS
 - A. Purpose
 - B. Governmental authority
 - C. Price fixing, tie-in agreements
 - D. Allocation of markets and customers
 - E. Penalties for violations
- VI. TRUTH IN ADVERTISING
 - A. Administered by the Federal Trade Commission (FTC)
 - B. Key provisions
- VII. TECHNOLOGY/ELECTRONIC TRANSACTIONS
 - A. Federal: Electronic Signatures in Global and National Commerce Act (ESIGN)
 - B. State: Uniform Electronic Transactions Act (2004 Act 279-SC Code Ann. Sec. 26-6-10 et. seq.)
 - 1. Applicability
 - 2. Exempted real estate transactions
- VIII. FORECLOSURE LAWS
 - A. Helping Families Save Their Homes Act of 2009 (Federal Public Law 111-22)
 - B. Protecting Tenants at Foreclosure Act of 2009
 - C. South Carolina applications of foreclosure and tenant eviction laws

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- IX. SOUTH CAROLINA REAL ESTATE LICENSE LAW
 - A. Regulatory issues and agencies
 - 1. Purpose
 - 2. Legislature/legal authority
 - 3. Police power
 - 4. LLR - Cabinet
 - 5. Commission powers and duties
 - a. Standards for licensure (qualifications)
 - b. Promulgate regulations
 - c. Investigations
 - d. Hearings
 - e. Rulings
 - 1) Suspension, revocation and fines
 - 2) Cease and desist orders
 - 3) Other penalties
 - f. Appeals/Administrative Law Judge (ALJ)
 - B. Real estate licenses
 - 1. Activities requiring a license
 - 2. Exemptions from licensure
 - 3. Issuance after revocation
 - C. Duties and requirements of licensees
 - 1. BIC and PMIC
 - a. Supervision and maintenance of trust account
 - b. Review and approval of forms
 - c. Maintaining contact with associated licensees
 - d. Instructing licensees on handling of trust funds
 - e. Available to the public
 - f. Policy manual
 - g. Branch offices
 - 2. Associated licensees
 - a. Immediate delivery of trust funds
 - b. Notification of change of name or address
 - c. Advertising and identifying affiliated company
 - d. Disclosing name of franchise
 - e. Disclosing licensed status
 - f. Reducing offers, acceptances and changes to writing
 - g. Closing documents, and reducing delays
 - D. Regulated activities
 - 1. Advertising
 - 2. Compensation
 - a. Unlicensed persons

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- b. Cooperating brokers
- E. Disclosures
 - 1. Undisclosed principals
 - 2. Agency representation
 - 3. Seller/property
 - 4. Stigmatized properties
- F. Trust accounting
 - 1. Definitions
 - a. Commingling
 - b. Conversion
 - 2. Receipt and deposit of earnest money
 - a. Cash/certified funds
 - b. Checks/other monies
 - 3. Account information
 - a. Location
 - b. Designation
 - 4. Property management
 - a. Security or advance rental deposits
 - b. Rents
 - 5. Option funds
 - a. What they are and how they are handled
 - 6. Disbursements
 - a. Disputed funds
 - b. Undisputed
 - 7. Real Estate Commission audits
 - a. Paper trail
 - b. Personal funds
- G. License types, qualifications, and procedures
 - 1. Salesman qualifications
 - 2. Broker qualifications
 - 3. In-Charge qualifications
 - 4. Licensing procedures
 - 5. Property Manager
- H. License maintenance and statuses
 - 1. Renewal and maintenance
 - a. Renewal period
 - b. Licensee responsibility for renewal
 - c. Reporting changes in employer/BIC
 - 2. Statuses
 - a. Active
 - b. Inactive

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- c. Other, e.g., current, lapsed, expired, cancelled, revoked, suspended
 - I. Current continuing education agreements
 - J. Agency representation agreements
 - 1. Essential provisions
 - 2. Signatures of all parties
 - 3. Additional listing provisions
 - K. Offers to purchase
 - L. Recordkeeping
 - M. Violations
 - 1. Guaranteeing profits
 - 2. Criminal convictions
 - 3. Dual contracts
 - 4. Choice of attorney, etc.
- X. ADDITIONAL STATE LAWS
 - A. South Carolina Consumer Protection Code
 - 1. No maximum rate of interest
 - 2. Lender may not select attorney (borrower's choice), etc.
 - 3. Loan transfer/transfer fees
 - 4. Conditions of prepayment without penalty
 - B. South Carolina Residential Landlord and Tenant Act
 - 5. Landlord obligations
 - 6. Tenant remedies for landlord's noncompliance
 - 7. Retaliation
 - 8. Tenant obligations
 - 9. Landlord remedies for tenant's noncompliance
 - 10. Abandonment
 - 11. Constructive eviction
 - C. South Carolina Vacation Time Sharing Plans Act
 - 1. Enforcement agency
 - 2. Ownership and lease plans
 - 3. Unit week
 - 4. Right of rescission
 - 5. Penalties
 - D. Megan's Law
 - 1. Define and explain
 - 2. Disclosure do's and don'ts
 - 3. Enforcement authority
 - E. South Carolina Coastal Zone Management Act
 - 1. Oversight by South Carolina Department of Health and Environmental Control (DHEC), Ocean & Coastal Resource Management (OCRM)

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- 2. Definitions
- 3. Protected areas, including wetlands
- 4. Regional applicability; disclosures
- F. Other state laws and issues
 - 1. Smoke detectors
 - 2. 7% non-resident tax
 - 3. S. C. Human Affairs Commission
 - 4. Predatory lending
 - 5. S. C. Residential Property Condition Disclosure Statement
 - 6. Effect of foreclosure on leases and evictions

Suggested Classroom Activities:

Figure taxes and capital gains

Video (Whatever Happened to Harry) for Anti-trust

Role playing with testers on Fair Housing

ABR video on Megan's Law

Trust account exercises expanding extensively on the entries in the *Guidelines* booklet.

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

3. Pricing of Real Properties

-- 4 to 6 instructional hours --

- I. VALUATION AND APPRAISAL
 - A. Definitions
 - 1. Appraisal
 - 2. Purpose of an appraisal
 - 3. Function of an appraisal
 - 4. Market value
 - 5. Value
 - 7. Price
 - 8. Comparative (competitive) market analysis (CMA)
 - B. Essential elements/characteristics of value
 - 1. Demand
 - 2. Utility
 - 3. Scarcity
 - 4. Transferability
 - C. Principles of value
 - 1. Supply and demand
 - 2. Highest and best use
 - 3. Substitution
 - 4. Contribution
 - 5. Change
 - 6. Conformity
 - a. Progression
 - b. Regression
 - 7. Anticipation
 - 12. Competition
 - D. Influences on value
 - 1. Economic
 - 2. Social
 - 3. Political
 - 4. Physical
 - E. Approaches to value
 - 1. Definitions
 - a. Sales comparison approach
 - b. Income approach
 - d. Cost approach

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- 2. Sales comparison approach
 - a. Types of properties
 - b. Market comparison
 - 1) Recent sales data
 - 2) Compare with subject
 - 3) Verify data
 - 4) Make adjustments
 - c. Adjustments
 - 1) Time of sale
 - 2) Location
 - 3) Physical characteristics
 - 4) Sale concessions
- 3. Income approach
 - a. Types of properties
 - b. Capitalization
 - 1) The formula
 - 2) Determining NOI
 - 3) Capitalization rate
 - c. Gross rent multiplier
 - d. Gross income multiplier (*informational only, no math*)
- 4. Cost approach
 - a. Types of properties
 - b. The concept
 - c. The formula (five steps)
 - d. Replacement and reproduction differentiated
 - e. Depreciation
 - 1) Physical deterioration
 - 2) Functional obsolescence
 - 3) External (economic) obsolescence
 - 4) Curable and incurable
 - f. Methods to estimate cost
 - 1) Square footage comparison
 - 2) Other methods and terms, e.g., quantity survey, unit in place, comparative
- N. Comparative (competitive) Market Analysis (CMA)
 - 1. Purpose, common uses, limitations
 - 2. Relationship to formal appraisal
 - 3. Method(s) of gathering and processing data, e.g., acceptable number of comps, time period for recent sales, acceptable distance from subject property
 - 4. Similar analysis, terms, and use: Broker Price Opinion (BPO)/Broker Opinion of Value (BOV)

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- II. THE APPRAISAL PROCESS
 - A. Define the problem
 - B. Preliminary survey and appraisal plan
 - C. Collect data
 - D. Analyze and process data
 - E. Application of three approaches to value
 - F. Correlation of final estimate (Reconciliation)

- III. MATH

Suggested classroom activities:

Practicum for Comparative Market Analysis

Discuss the effect on pricing of property specifics using common examples, such as:

**Site particulars—location, soil types, availability of water and public utilities,
proximity to probable enhancements (parks, hospitals, schools, etc.)
and possible detractors (busy streets, noisy businesses, airports, etc.)**

**Improvement details, including construction types, building materials, age of
structure(s), renovation considerations and costs, etc.**

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

4. Real Estate Finance

-- 6 to 8 instructional hours --

- I. FINANCING SOURCES
 - A. Primary mortgage lenders
 - 1. Defined
 - 2. Classifications
 - a. Institutional lenders
 - b. Non-institutional lenders
 - 1) Mortgage companies
 - 2) Mortgage brokers
 - 3) Private investors
 - 4) Seller financing
 - B. Secondary mortgage market
 - 1. Description
 - 2. Purpose
 - 3. Secondary institutions
 - a. Fannie Mae
 - b. Ginnie Mae
 - c. Freddie Mac
 - C. Down payment assistance programs
 - 1. General overview and history
 - 2. Local availability, sources, changes
- II. INSTRUMENTS
 - A. Promissory note (evidence of the debt)
 - B. Mortgages (pledge)
 - C. Deed of trust
 - D. Line theory and title theory
- III. ELEMENTS/PROVISIONS OF MORTGAGES
 - A. All elements of a contract
 - B. Subject to Statute of Frauds
 - C. Parties to a mortgage
 - D. Does not convey title
 - E. Hypothecation
 - F. Assignment
 - G. Satisfaction/release of mortgage
 - H. Priority of mortgages
 - I. Subordination clause ("junior mortgage")

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- J. Non-recourse (default by borrower)
- K. Mortgagor covenants
 - 1. Pay taxes
 - 2. Keep property insured
 - 3. Protect against removal
 - 4. Keep property in good repair
 - 5. Allow mortgagee right of re-entry
- L. Prepayment penalty
- M. Defeasance clause
- N. Acceleration clause
 - 1. Default
 - 2. Due-on-sale (alienation clause)

IV. TYPES OF LOANS

- A. Common loans and repayment methods
 - 1. Straight term mortgage (interest only)
 - 2. Fully amortized mortgage
 - 4. Partially amortized mortgage (balloon)
 - 5. Adjustable rate mortgage (ARM)
 - 6. Open-end loan
 - 7. Construction loans
 - 8. Home equity loans
 - 9. Negative amortization
 - 10. Reverse annuity mortgage (RAM)
 - 11. Conforming and non-conforming loans
 - 12. Sub-prime loans
- B. Interest
 - 1. Points
 - 2. Paid in arrears
 - 3. Fixed rate
 - 4. Adjustable
 - a. Convertibility
 - b. Assumability
 - c. Prepayment penalty
 - 5. Annual percentage rate (APR)
- C. Property pledged
 - 1. Package mortgage
 - 2. Blanket mortgage
- D. Alternative types of financing
 - 1. Contract for deed (land contract, installment contract)
 - 2. Purchase money mortgage

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

3. Wrap arounds
 4. Sale lease-backs
 5. Assumptions/novation
 6. Subject to
- V. GOVERNMENT BACKED OR CONVENTIONAL
- A. FHA insured loans
 - B. VA-guaranteed
 - C. Conventional loans
 1. Uninsured
 2. Insured
 3. New PMI requirements (22% equity)
 4. Mortgage Insurance Premium (MIP) vs. Private Mortgage Insurance (PMI)
- VI. LOAN UNDERWRITING
- A. Qualifying the property
 - B. Loan-to-value ratio
 1. Explanation
 - a. Down payment
 - b. Equity
 2. FHA
 3. VA
 4. Conventional
 - C. Qualifying the buyer
 1. Income
 2. Assets
 3. Credit history
 - a. Prime borrower
 - b. Sub-prime borrower
 4. VA eligibility
 - D. Qualifying the title
 1. Marketable title
 2. Liens
 3. Conditions, covenants, and restrictions (CC&Rs)
 - E. Mortgage costs
 1. Mortgage interest rates
 2. Equalizing the yield (discount points)
 3. Origination fee and other lender fees
 4. Required disclosures
 5. Predatory lending issues

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- a. Excessive interest; usury
 - b. Unexpected/under-explained costs
 - F. Foreclosure
 - 1. Redemption – concept and issues
 - 2. Title taken by lender
 - 3. Deficiency judgments
 - 4. Distribution of funds
 - G. Short sales
- VII. NATIONAL CONSUMER PROTECTION ACT (Truth in Lending)
 - A. Known as "Regulation Z"
 - B. Disclosures for lenders
 - C. Real estate advertising
- VIII. EQUAL CREDIT OPPORTUNITY ACT
 - A. Fair Credit Reporting Act
- IX. MATH

Suggested classroom activities:

Seller net sheets
Buyer cost sheets
Good faith estimates
Loan comparison (FHA, VA, Conventional)
Case law
Familiarization with forms

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

5. Settlement/Closing ***-- 2 to 4 instructional hours --***

- I. CLOSINGS
 - A. Common terms and elements
 - 1. Escrow, settlement, closing
 - 2. Escrow/trust/impound account
 - B. Purpose, procedures, and parties
 - 1. Settlement agent
 - 2. Licensee responsibilities
 - C. Contract and other documents, e.g., deed, bill(s) of sale, property reports, releases, liens, property warranty policies
 - D. Real Estate Settlement Procedures Act (RESPA)
 - 1. Purpose
 - 2. Application
 - 3. Requirements
 - 4. Prohibitions
 - E. Closing Statement (HUD-1 and others)
 - 1. Purpose
 - 2. Expenses
 - a. Buyer
 - b. Seller
 - 3. Escrowed items
 - 4. Prorated items
 - 5. Possession/transfer
 - F. Cash transactions and non-regulated financing
- II. MATH, especially South Carolina deed recording fee
- III. PRACTICAL EXERCISES
 - A. Conventional
 - B. Assumption
 - C. VA/FHA

Suggested classroom activities:

Prepare worksheets and HUD-1 statements for FHA, VA, and Conventional loans

**Review class or actual worksheets and HUD-1 statements for FHA, VA, and
Conventional loans for accuracy/errors**

**Generate lists of common closing expenses and who pays; investigate and discuss
availability, coverages, and costs of different home warranty policies in your area**

Comparison of net sheets with actual closing figures

Seller net sheets & Buyer cost sheets

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

6. Agency

-- 8 to 10 instructional hours --

- I. THE LAW OF AGENCY
 - A. Define and explain
 - 1. Common law
 - 2. Agency
 - 3. Principal
 - 4. Agent
 - 5. Subagent
 - 6. Single agency
 - 7. Dual agency
 - 8. Client
 - 9. Customer
 - 10. Fiduciary
 - 11. Proxy
 - 12. Seller agency
 - 13. Buyer agency (buyer broker)
 - 14. Attorney-in-fact
 - 15. Power of attorney
 - 16. Other agency relationships
 - a. Designated agent
 - b. “Neutral” agent, e.g. “transaction broker” or “intermediary,” who performs ministerial acts without representing either party
 - B. General Concepts
 - 1. Contractual nature of relationship
 - a. Company and subagency
 - b. BIC and agent responsibility for actions of subordinates and principals
 - c. Representation agreements – licensees and company
 - d. Multiple listing services (MLS)
 - 2. Conflict of interest, including secret/undisclosed profits and self-dealing
 - a. Legal and ethical issues
 - C. Types of authority of agencies
 - 1. Express
 - 2. Implied
 - D. Types of agents
 - 1. General
 - 2. Special
 - 3. Universal
 - E. Types of principals

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

1. Disclosed
2. Undisclosed
3. Partially disclosed

II. AGENCY RELATIONSHIPS AND RESPONSIBILITIES

A. Characteristics

1. Contractual and/or consensual
2. Personal
3. Fiduciary
4. Confidential

B. Obligations of parties

1. Agent's duties to principal
 - a. Obedience to lawful instructions
 - b. Full disclosure or notice
 - c. Loyalty
 - d. Accountability
 - e. Care, knowledge, and skill
 - f. Confidentiality
 - g. Handling of offers, counteroffers, and multiple offers
2. Principal's obligations to agent
 - a. Compensation
 - 1) Procuring cause
 - 2) Broker protection clause
 - b. Reimbursement
 - c. Opportunity
 - d. Good conduct
 - e. Indemnity
 - f. Good faith
3. Obligations to third parties
 - a. Honesty and fair dealing
 - b. Disclosure
 - 1) Agency relationship
 - 2) Property defects
 - c. Due care, knowledge and skill
 - d. Limitations of customer service
4. Liabilities
 - a. Dual agency issues
 - b. Limits of expertise, recommending other professionals (legal, tax, accounting, etc.)
 - c. Types of liability, e.g., joint, several, vicarious

C. Creation and termination of agency

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- D. Property disclosure
 - 1. Material defects, e.g., structural, site/soil, meeting code specifications
 - 2. Stigmatized properties
 - 3. Environmental
 - a. Asbestos
 - b. Underground storage tanks
 - c. Radon
 - d. EIFS (stucco)
 - e. Toxic mold
 - f. Other, e.g. pests, hazard zone, insurability
 - 4. Wetlands
 - 5. Licensee responsibility to verify disclosures and property representations
- III. SOUTH CAROLINA AGENCY DISCLOSURE FORM
 - A. Timing of disclosure
 - B. Informed consent
- IV. COMPANY POLICY
 - A. Seller/buyer single agency representation
 - B. Disclosed dual agency
 - C. BIC/Licensee relationships, statutory and contractual
 - D. Independent contractor/employee status

Suggested classroom activities:

Changing hats

Filling out disclosure forms

Explaining seller-completed property disclosure form

Highlighting pamphlets

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

7. Contracts

-- 6 to 8 instructional hours --

- I. TYPES/CHARACTERISTICS
 - A. Express
 - B. Implied
 - C. Bilateral
 - D. Unilateral
 - E. Executed
 - F. Executory
 - G. Void
 - H. Voidable
 - I. Enforceable/unenforceable
 - J. Valid/invalid
- II. ELEMENTS/REQUIREMENTS
 - A. Offer and acceptance
 - B. Legal consideration
 - C. Competent parties
 - D. Legal purpose
 - E. Legal form
 - F. Modifications/alterations/addenda
 - G. Signed originals
 - H. Reality of consent (versus duress)
- III. STATUTE OF FRAUDS
- IV. AGENCY REPRESENTATION AGREEMENTS
 - A. Purpose
 - 1. Creates agency relationship
 - 2. Employment contract
 - 3. Buyer or seller
 - 4. Disclosed dual agency
 - 5. Conflict of interest
 - B. Contents of Listing or Buyer Brokerage Agreement
 - 1. Property data/requirements
 - 2. Distinguish between realty, personalty, and fixtures
 - 3. Selling price/price range
 - 4. Commission/compensation
 - 5. Signatures of principal and agent
 - 6. Specific expiration date

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- C. Contents of Both Agreements
 - 1. Written agreement
 - 2. Description of services to be performed
 - 3. Compensation amount or method of calculating
 - 4. How and when agent earns compensation
 - 5. How compensation will be shared with any cooperating brokers
 - 6. Amount, if any, of retainer or other fees and explanation of what happens to the money
 - 7. Beginning and ending of agreement dates
 - 8. Signatures of all parties
- D. Additional Contents of Listings Only
 - 1. Price of the listed property
 - 2. No requirement to notify agent of intent to cancel after listing expires
 - 3. Type of listing and definition
 - 4. Exceptions and variations in commissions, if applicable
 - 5. Be given to owner at time of signing or directly following
- E. Rights, obligations, and liabilities of the parties
- F. Compensation
 - 1. When fee is earned
 - 2. When fee is paid
 - 3. Commission rates
 - a. Splits
 - b. Antitrust Laws
 - 4. Procuring cause
- G. Types of listing contracts
 - 1. Open listing
 - 2. Exclusive agency
 - 3. Exclusive right-to-sell
 - 4. Net listing
- H. Multiple listing agreements
- I. Other cooperating sales agreements
- J. Termination of agency representation agreement
 - 1. Termination by acts of parties
 - a. Mutual agreement
 - b. Termination by client (revocation)
 - c. Termination by agent (renunciation)
 - 2. Termination by operation of law
 - a. Expiration
 - b. Completion/performance
 - c. Destruction of property/death of principal
 - d. Release of contract, standard form

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- V. PURCHASE AND SALE CONTRACT
 - A. Purpose
 - B. Principle terms and conditions
 - 1. Vendor/vendee
 - 2. Description of property
 - 3. Purchase price
 - 4. Closing costs, who pays
 - 5. Possession
 - 6. "Time is of the essence"
 - 7. Personal property/fixtures
 - 8. Financing provisions (amount, time, rate, points)
 - 9. Condition of property (See Agency II D)
 - 10. Restrictive covenants
 - 11. Risk of loss or damage
 - 12. Type of deed
 - 13. Marketable title
 - 14. Default provision
 - 15. Death of parties
 - 16. FHA or VA required provisions
 - 17. Earnest money receipt
 - 18. Signatures
 - 19. Contingencies; rescission/cancellation provisions
- VI. OPTION TO BUY
 - A. Optionor must sell
 - B. Optionee acquires
 - 1. No interest in land
 - 2. Right to buy for specific period
 - C. Requirements
 - 1. Terms of contract
 - 2. "Time is of the essence"
 - 3. Three dates (signing, exercising, and closing)
 - D. Consideration essential
 - E. When exercised
 - 1. Bilateral contract
 - 2. Optionee acquired equitable title

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

VII. COMMUNICATING OFFERS, COUNTEROFFERS, AND MULTIPLE OFFERS

- A. Obligation to present all offers
- B. Electronic technology's effect on creating binding contracts: Electronic Signatures in Global and National Commerce Act (ESIGN) and SC Uniform Electronic Transactions Act (UETA)

VIII. MISREPRESENTATION AND FRAUD

- A. Definitions
- B. Examples
- C. Puffing
- D. Applicability of federal Truth in Advertising

IX. TERMINATION OF OFFERS

- A. Rejection
- B. Counteroffer
- C. Expiration
- D. Revocation
- E. Death
- F. Operation of law, e.g., bankruptcy and condemnation

X. MANAGEMENT CONTRACTS

- A. Purpose
- B. Contents
 - 1. Agency relationship
 - 2. Owner and manager
 - a. Obligations
 - b. Rights

XI. LEASES/RENTAL AGREEMENTS

- A. Rights and duties of lessor
- B. Rights and duties of lessee
- C. Leasehold terms
 - 1. Lessor
 - 2. Lessee
 - 3. Demise/demised property
 - 4. Abandonment
 - 5. Assignment
 - 6. Sublease
 - 7. Sufferance
 - 8. Holdover
 - 9. Repossess

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

- 10. Dispossess
 - 11. Actual eviction
 - 12. Constructive eviction
 - 13. Ejectment
 - D. Types of leases
 - 1. Graduated lease
 - 2. Percentage lease
 - 3. Net lease
 - 4. Gross lease
 - 5. Index lease
 - E. Termination of leases
- XII. OTHER TYPES OF CONTRACTS
 - A. Lot/land sales (acreage)
 - B. New homes
 - C. Building jobs
 - D. Commercial sales
 - E. Resales—residential
 - F. Leasing
 - G. Lease purchase/lease-to-own
 - H. Right of first refusal
- XIII. DISCHARGE OF CONTRACTS
 - A. Performance
 - B. Release
 - C. Rescission and cancellation
 - D. Accord and satisfaction
 - E. Novation
 - F. Statute of Limitations
 - G. Assignment
 - H. Breach of contract and remedies
- XIV. MATH

Suggested classroom activities:

- Compare and contrast types of contracts**
- Identify common phrases and addenda**
- Role play with buyer and agent**
- Fill out sample contract**

South Carolina Prelicensing Curriculum Content Outline for Real Estate Salespersons (Unit I)

8. Ethics

-- 2 to 3 instructional hours --

- I. GOLDEN RULE
- X. RIGHT VS. WRONG
- XI. PERSONAL VALUES
- XII. ETHICAL DECISION MAKING
- XIII. COMPANY POLICIES AND CODE OF ETHICS

Suggested classroom activities:

Role-playing examples of any of the above

Professional conduct scenarios, such as

In-house listings and conflicts of interest

Other obvious conflicts of interest, e.g., self-dealing; representing family members, friends, associates

Determining where one's license authority or professional expertise ends and recommending another professional is prudent, even required

Comparison of ethics or ethical conflicts to laws and codes

This ends the "Unit I" Curriculum Outline